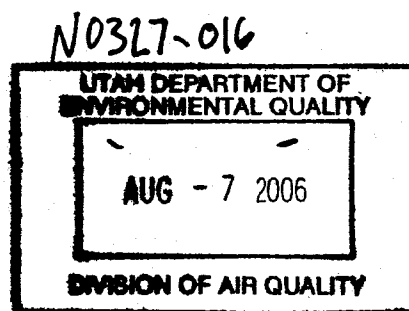


# EXHIBIT D



UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

2825 E. Cottonwood Parkway  
Suite 200  
Salt Lake City, Utah 84121-7077  
Phone: 801-566-3938  
Toll Free: 800-872-5961  
Fax: 801-561-2687



August 4, 2006

Mr. Rick Sprott  
Utah Division of Air Quality  
150 North 1950 West  
Salt Lake City, Utah 84114

Re: Engineering and Procurement of IPSC Unit 3 Boiler-Supercritical

Dear Mr. Sprott:

We are writing concerning our intent to use a supercritical boiler design for the Intermountain Power Service Corporation (IPSC) Unit # 3 to be located near Delta, Utah. The IPSC Unit 3 Development Committee is preparing bids for the engineering and procurement phase of construction. This letter is part of our efforts to keep the Division apprised of our construction status. As you recall, in December 2002, IPSC submitted a Notice of Intent (NOI) to permit and construct this nominal 950-gross megawatt (MW) (900-net MW) pulverized coal (PC) fired unit. An Approval Order (AO) for the construction of the proposed project was issued by the Utah Division of Air Quality (UDAQ) on October 15, 2004. The AO does not specify the specific type of PC-boiler the facility must use.

As we have proceeded with the highly complex process of developing the plant, we have concluded that a supercritical boiler design is more efficient and better for the environment, that it reflects the latest engineering and market developments for PC facilities, and that it accommodates those who favored a supercritical boiler design in their comments regarding the AO. We believe that use of a supercritical boiler design is consistent with the AO. We are preparing to order this equipment, and want to notify you prior to entering into an Engineering, Procurement and Construction (EPC) contract. We do not believe that any update of the AO is necessary in response to this notification letter. The following information is submitted to explain our conclusion that a supercritical design is consistent with the AO.

**What is the difference between a Subcritical and Supercritical Boiler Design?**

A supercritical boiler is functionally equivalent to a subcritical boiler except that, in order to create greater efficiencies, a supercritical boiler generates steam at higher pressures and

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temperatures. This makes supercritical boiler-turbine technology more efficient in converting heat from the burning coal to driving the steam turbine generator. In all other respects, a supercritical boiler is equivalent to a subcritical design.

In a typical fossil-fuel boiler, water-containing tubes line the inside of the furnace walls. Fuel is ignited and burned as it enters the furnace. The burning fuel releases thermal energy, which is absorbed by the water in the tubes. As the temperature of the water rises, the water begins to boil. Water and steam are separated in a boiler drum and the steam, after additional heating in the boiler, is piped from the boiler to the steam turbine.

In a supercritical boiler design, the operating pressure exceeds the critical point of water. The critical point of water is at a pressure of 3,208 pounds per square inch absolute (psia); a point above which distinct liquid and vapor (steam) phases no longer exist, and the water is in a supercritical fluid state. Water and steam separation occurs without a boiler drum and the superheated fluid is sent directly to the steam turbine. A plant operating at this high pressure is more energy efficient and is referred to as a supercritical unit. Other than the higher operating pressure and temperature of steam at the supercritical plant, the design features are equivalent to a subcritical unit.

The subcritical boiler design has a 2520 psig/1050°F/1050°F steam power cycle providing a net plant efficiency (HHV)<sup>1</sup> of approximately 35.77 percent, while the supercritical boiler design typically has a 3500 psig/1050°F/1100°F steam power cycle providing a net plant efficiency (HHV) of approximately 36.75 percent. As a result, there is approximately a three percent improvement in heat rate between the two cycles, thereby increasing the power output of the steam turbine-generator for the same coal burned in the boiler. Alternatively, a supercritical boiler can produce the same level of power output using a lesser amount of coal.

Using a supercritical boiler will not increase the heat input rate or the emission limits included in the AO. It will not increase coal consumption limits or alter the fuel types. The supercritical boiler will have the same maximum gross heat input of 9,050 million British Thermal Units per hour (MMBtu/hr), as listed in the AO. No changes will occur to the stack parameters. The stack will be designed with the same exit velocity and temperature as modeled. Therefore no additional dispersion modeling should be required since the emissions are the same and the stack parameters will not change.

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<sup>1</sup> Net Plant Efficiency (HHV) is defined as the net electrical output of the plant divided by the higher heating value fuel consumption of the plant.

**Will emissions remain stable or decrease with a supercritical boiler design?**

Unit emissions, coal feed rate and heat input to the boiler will in all cases remain at or below the levels specified in the AO. See Exhibit 1 for a comparison of the sub critical design and supercritical boiler design.

Installation of a supercritical boiler will result in a net decrease in emissions as measured in lbs/MWh. Also, as with the subcritical boiler design, the supercritical boiler will use a baghouse for particulate emissions control, a wet limestone scrubber for control of sulfur dioxide and acid gas emissions; and Low NOx Burners/Over-Fire-Air and Selective Catalytic Reduction for NOx emissions control. The design of the emissions control equipment will be the same as for the subcritical design.

**Are BACT-Level Emission Controls the same for Supercritical and Subcritical Boilers?**

The BACT analysis completed for IPP3 showed that BACT-Level emission controls were the same for both designs. The same list of potential control technologies were considered for each pollutant in the BACT analyses for supercritical units as was used in the IPSC Unit 3 PC BACT analysis. The control effectiveness of the technologies for each pollutant was also the same. No distinction was made between the supercritical PC boiler design of these units and the subcritical PC design of other units when consulting the EPA's RACT/BACT/LAER Clearinghouse (RBLC) and recently approved PSD permits to assist in selecting BACT for the projects. The primary difference between the BACT analysis outcomes for the various units was that a wet limestone FGD process was selected for IPSC Unit 3 with an emission limit of 0.09 Lb/MMBtu on a 30 day rolling average based on burning western bituminous coal versus some of the other units which each selected a dry lime FGD process with an emission limit of 0.10 Lb/MMBtu based on burning subbituminous Powder River Basin (PRB) coal. Low-NOx burners with Selective Catalytic Reduction were selected as BACT for NOx control and fabric filters were selected as BACT for Particulate Matter (PM) control.

The BACT process evaluates pollution control equipment in order to determine a proper BACT emission rate; it does not evaluate the boiler design. UDEQ (and EPA) have repeatedly confirmed this. Whether the boiler is subcritical or supercritical design, the BACT process evaluates the same pollution control equipment. The results of the IPP3 BACT analysis showed that there is no difference in pollution control equipment or BACT emission limits between a subcritical and a supercritical boiler.

**Is it necessary to update the existing AO?**

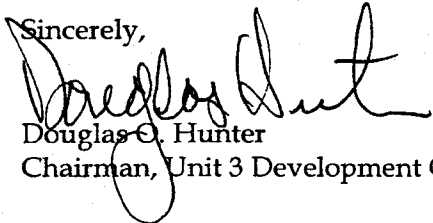
We believe it is not necessary to update the AO. When UDAQ issued its AO, DAQE-AN0327010-04, for the new IPSC Unit 3 on October 15, 2004, the AO approved installation of a "Dry-bottom Pulverized Coal Fired Boiler for base load operation with Overfire Air Ports

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System" or its equivalent (the NOI described the unit as "an indoor type, subcritical, PC-fired boiler designed for base load operation" and then the AO imposed permit conditions to limit emissions). See AO at Condition #7. The AO does not specify the type of boiler as subcritical or supercritical. The AO only species the maximum heat input rate,  $9050 \times 10^6$  Btu/hr, and the coal consumption limits, 3,541,248 tons of coal burned per rolling 12-month period. See AO Condition #7 and Condition #14. In addition, the AO limits the fuel to either "bituminous or blend of bituminous and up to thirty percent subbituminous coals." See AO at Condition #19. Selection of a supercritical boiler will not affect or exceed the heat input rate, the consumption limits or the types of fuel specified in the AO. Selection of a supercritical boiler does not constitute a major modification because it does not constitute a physical change or change in operation of an existing source and does not result in a significant emissions increase. Indeed, as noted, the emission limits will be the same for a subcritical or supercritical design. Selection of a supercritical boiler will not affect or exceed the heat input rate, the consumption limits or the types of fuel specified in the AO. In fact, the supercritical boiler will have the same coal consumption rate and the same gross heat input rate allowed in the AO, but it will be more efficient. Accordingly, a supercritical boiler design is consistent with the AO, and was the preferred boiler design of some comments during the public comment process for the AO. Therefore, the use of a supercritical boiler is consistent with the AO. This letter is notification to you of our continuing construction efforts, and in the near future the IPSC Unit 3 Development Committee intends to enter into an EPC contract for a supercritical boiler.

If you have any questions or need additional information, please contact me at your earliest convenience. Thank you for your consideration of this matter.

Sincerely,



Douglas O. Hunter  
Chairman, Unit 3 Development Committee

Enclosure

**Exhibit 1**  
**IPP Unit 3 Project**  
**Unit 3 Boiler Emissions Comparison**

	<b>Permit Basis Subcritical Design</b>	<b>Super Critical Boiler Design</b>
Coal Feed Rate (tons/hr)	404	404
Heat Input to Boiler (MMBtu/hr)	9,050	9,050
Annual Capacity Factor (%/yr)	100	100
<u><b>NO<sub>x</sub></b></u>		
NO <sub>x</sub> Boiler Emissions (lb/MMBtu)	0.35	0.35
NO <sub>x</sub> Stack Emissions (lb/MMBtu)	0.070	0.070
<u><b>SO<sub>2</sub></b></u>		
SO <sub>2</sub> Boiler Emissions (lb/MMBtu)	1.34	1.34
SO <sub>2</sub> Stack Emissions (lb/MMBtu)	0.090	0.090
<u><b>CO</b></u>		
CO Emission Factor (lb/MMBtu)	0.154	0.154
<u><b>Filterable PM</b></u>		
Filterable PM Stack Emissions (lb/MMBtu)	0.013	0.013
<u><b>Filterable PM<sub>10</sub></b></u>		
Filterable PM <sub>10</sub> Stack Emissions (lb/MMBtu)	0.012	0.012
<u><b>VOC</b></u>		
VOC Emissions (lb/MMBtu)	0.00268	0.00268
<u><b>Sulfuric Acid Mist</b></u>		
H <sub>2</sub> SO <sub>4</sub> Stack Emissions (lb/MMBtu)	0.00439	0.00439
<u><b>Ammonium Sulfate</b></u>		
(NH <sub>4</sub> ) <sub>2</sub> SO <sub>4</sub> Stack Emissions (lb/MMBtu)	0.00030	0.00030
<u><b>Hydrogen Chloride</b></u>		
HCl Stack Emissions (lb/MMBtu)	0.00421	0.00421
HCl Stack Emissions (lb/hr)	38.13000	38.13000
<u><b>Hydrogen Fluoride</b></u>		
HF Stack Emissions (lb/MMBtu)	0.001	0.001
<u><b>Stack Conditions</b></u>		
Stack Exit Flow (acfm)	3,244,126	3,244,126
Stack Exit Diameter (feet)	31.85	31.85
Stack Exit Temperature (degF)	135	135